Rewari, Ludhiana and Rajkot. Though the firm received payment from the State Government of Punjab in respect of two wagons of rice supplied to Rewari and Ludhiana, it represented that it did not receive payment in respect of the third wagon of rice supplied to Rajkot. As the food grains were reportedly supplied by the claimant to the State Government, Central Government requested the State Government of Punjab to consider settling the said claim.

(c) and (d) State Government of Punjab had indicated that the money belonging to this claim was deposited with Bharat Bank Ltd., which later became Bharat Nidhi Bank Ltd. Enforcement Directorate, which looked into some irregularities in the erstwhile Bharat Nidhi Bank Ltd., confirmed that though food grain deposit pertaining to Rajkot State was laying with Bharat Bank Ltd., there was no specfic mention of account of the said private firm in respect of that amount. The matter pertains to commercial transaction between the supplier and the concerned State Government on one hand, and the concerned bank on the other hand.

Amendment of RDB Act, 1993

1532. SHRI KAMAL AKHTAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government has studied the Supreme Court's order that Co-operative Banks cannot take recourse to debt recovery under the Recovery of Debts due to Banks and Financial Institutions Act (RDB Act), 1993;

(b) if so, whether Government would amend the Act so that these Co-operative Banks shall also be included within the provisions of the Act;

(c) if so, by when;

(d) if not, the reasons therefor;

(e) the reasons for Government retreating on promise made on 6th December, 2006 in the house to bring a comprehensive bill to amend banking regulation act to remove dual control in Cooperative Banks; and

(f) by when the bill would be introduced?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) Yes, Sir. In separate matters coming up before the High Courts of Mumbai and Andhra Pradesh it was held by them that a Tribunal constituted under the provisions of the Recovery of Debts due to Banks and Financial Institutions Act, 1993 has exclusive jurisdiction, to entertain and decide applications from a Co-operative Bank for recovery of debts due to such a bank. Further, it was also held that courts and authorities under the State Co-operative Societies Act as also The Multi-state Co-operative Societies Act, 2002 would cease to have jurisdiction to entertain the applications submitted by the Cooperative Banks for recovery of their dues. Aggrieved by the above, a bunch of appeals/ Special Leave Petitions were field in the Supreme Court of India where the matter of applicability of Recovery of Debts due to Banks and Financial Institutions Act, 1993 to the Cooperative Banks established under the State Co-operative Societies Act of Maharashtra 2002 was referred by the Chief Justice of India to a three judge bench.

Reversing the judgement of the High Court, the Supreme Court held that the provisions of Debts due to Banks and Financial Institutions Act, 1993 are not applicable to the recovery of dues by the Co-operatives from their members. However, the provisions of the State Co-operative Societies Act and Multi-state Cooperative Societies Act, 2002 would continue to be applicable for recovery of dues by the Cooperative Banks. As these observations of

the Supreme Court are in line with the request made by the petitioner Cooperative Banks in their appeal petitions, this order of the Supreme Court is not likely to place the Cooperative Banks in any disadvantageous position for purpose of recovery of their dues.

Cooperative Banks can also take recourse to provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 for recovery of their dues. There is no proposal to amend the RDB Act 1993.

(e) and (f) As UCBs are subjected to dual control by the RBI and the respective State Government, MoU Seeks to put in place an arrangement through which there is a convergence on the approach and remedial action to be taken for facilitating the development of the sector. The MoU, *inter-alia*, provides for:—

(i) Constituting a State level Task Force for UCBs (TAFCUB) for identification and drawing up of a time bound action plan for the revival of potentially vible UCBs and non disruptive exit for non-viable UCBs.

(ii) Facilitating human resource development and IT initiatives in UCBs.

(iii) Professionalisation of Audit *i.e.* statutory audit by Chartered Accountant for UCBs with deposit over Rs. 25 crore.

(iv) Putting in place fit and proper criteria for the Chief Executive Officers based on the guidelines of the bank.

Consequent upon signing of MoU, a State Level Task Force for UCBs (TAFCUB) has been constituted for 13 States. These States constitute majority of the UCBs. The TAFCUB consists of representation from RBI, State Government and UCBs.

Further, the Government has approved a revival package to strengthen Short-Term Rural Cooperative Credit Structure (STCCS). 13 States has signed a Memorandum of Undersstanding (MoU) with Central Government and NABARD for carrying out certain legal and institutional reforms.

Financial assistance for STCCS under the package is available for cleansing of Balance Sheet as on 31st March 2004 and increasing the capital to a specified minimum level subject to legal and institutional reforms. In order to ensure that STCCS continues on sound financial, managerial and goverance norms, technical assistance is to be provided to upgrade institutional and human resources of CCS, computerization and setting up proper internal control and accounting systems.

Circulation of fake currency in the country

1533. SHRI DARA SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware of the circulation of fake currency seized by RBI and other banks during the last one year;

(b) whether the steps taken by Government to prevent circulation of fake currency in the country are not sufficient;

(c) if so, the reasons therefor; and

(d) the latest strong measures proposed to be taken by Government to arrest the circulation of fake currencies?